

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FINANCIAL STATEMENTS REVIEW REPORT
OF
MONTICELLO-UNION TOWNSHIP PUBLIC LIBRARY
WHITE COUNTY, INDIANA

January 1, 2012 to December 31, 2015



FILED
12/30/2016

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|-----------------------------------|--|--|
| Director | Rachel Ziegler Monica Casanova | 01-01-12 to 02-17-12 02-18-12 to 12-31-16 |
| Treasurer | Arthur E. Morgan Kathryn A. Cotner Frank K. Walker | 01-01-12 to 12-31-12 01-01-13 to 09-09-13 09-10-13 to 12-31-16 |
| President of the Library Board | Shannon M. Gardiner Arthur E. Morgan | 01-01-12 to 12-31-12 01-01-13 to 12-31-16 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

TO: THE OFFICIALS OF THE MONTICELLO-UNION TOWNSHIP
PUBLIC LIBRARY, WHITE COUNTY, INDIANA

We have reviewed the accompanying financial statements of the Monticello-Union Township Public Library (Library) for the period of January 1, 2012 to December 31, 2015. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Library's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with a regulatory basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6); which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This includes determining that the basis of accounting the Library uses is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the prescribed basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.

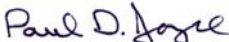
INDEPENDENT ACCOUNTANT'S REVIEW REPORT
(Continued)

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the prescribed basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.


Paul D. Joyce, CPA
State Examiner

November 7, 2016

FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

The financial statements and accompanying notes were approved by management of the Library.
The financial statements and notes are presented as intended by the Library.

MONTICELLO-UNION TOWNSHIP PUBLIC LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2012 and 2013

| Fund | Cash and Investments 01-01-12 | Receipts | Disbursements | Cash and Investments 12-31-12 | Receipts | Disbursements | Cash and Investments 12-31-13 |
|-----------------------------|-------------------------------------|---------------------|---------------------|-------------------------------------|---------------------|---------------------|-------------------------------------|
| Operating | \$ 116,269 | \$ 1,554,626 | \$ 1,505,670 | \$ 165,225 | \$ 1,149,997 | \$ 1,093,701 | \$ 221,521 |
| Rainy Day Fund | 64,501 | 14,998 | 10,000 | 69,499 | 10,000 | 33,708 | 45,791 |
| LIRF | 54,502 | 25,673 | 7,688 | 72,487 | 10,000 | 36,174 | 46,313 |
| PLAC Fund | 8 | 50 | 50 | 8 | 79 | 50 | 37 |
| Petty Cash | - | 200 | - | 200 | - | - | 200 |
| Evergreen | - | - | - | - | 58 | - | 58 |
| State Technology Grant Fund | 2,037 | 1,731 | 2,037 | 1,731 | 4,793 | 3,189 | 3,335 |
| Gift Fund | 130,960 | 34,170 | 38,466 | 126,664 | 30,101 | 29,992 | 126,773 |
| Adopt-Book | 23 | 335 | 320 | 38 | 467 | 242 | 263 |
| Gift Fund-Fish | 187 | 50 | 37 | 200 | 92 | 38 | 254 |
| Gift Fund - Birds | 214 | 54 | - | 268 | 42 | - | 310 |
| Gift Fund - Children's | 30,981 | 7,272 | 6,362 | 31,891 | 13,270 | 20,980 | 24,181 |
| Gift Fund - Adult's | 3,802 | 4,101 | 1,835 | 6,068 | 19,087 | 12,337 | 12,818 |
| Art Show Fund | 488 | 100 | 410 | 178 | - | - | 178 |
| ESL Fund | 847 | - | 182 | 665 | - | 208 | 457 |
| Staff Association Fund | 47 | 48 | 40 | 55 | 8 | 57 | 6 |
| Excess Levy Fund | 1,055 | 4,924 | 1,055 | 4,924 | 177 | 5,101 | - |
| Payroll Fund | 1,784 | 58,825 | 57,436 | 3,173 | 55,648 | 55,571 | 3,250 |
| Totals | <u>\$ 407,705</u> | <u>\$ 1,707,157</u> | <u>\$ 1,631,588</u> | <u>\$ 483,274</u> | <u>\$ 1,293,819</u> | <u>\$ 1,291,348</u> | <u>\$ 485,745</u> |

The notes to the financial statements are an integral part of this statement.

MONTICELLO-UNION TOWNSHIP PUBLIC LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2014 and 2015

| Fund | Cash and Investments 01-01-14 | Receipts | Disbursements | Cash and Investments 12-31-14 | Receipts | Disbursements | Cash and Investments 12-31-15 |
|-----------------------------|-------------------------------------|---------------------|---------------------|-------------------------------------|---------------------|---------------------|-------------------------------------|
| Operating | \$ 221,521 | \$ 1,076,477 | \$ 1,060,747 | \$ 237,251 | \$ 1,312,269 | \$ 1,291,317 | \$ 258,203 |
| Rainy Day Fund | 45,791 | 25,000 | 7,743 | 63,048 | 7,000 | 7,250 | 62,798 |
| Excess Levy Fund | - | - | - | - | 1 | - | 1 |
| LIRF | 46,313 | 25,000 | 10,000 | 61,313 | 15,000 | 8,542 | 67,771 |
| PLAC Fund | 37 | - | - | 37 | - | - | 37 |
| Petty Cash | 200 | - | - | 200 | - | - | 200 |
| Evergreen | 58 | 594 | 313 | 339 | 1,093 | 515 | 917 |
| Friends Gift Fund | - | 745 | 561 | 184 | 2,684 | 2,666 | 202 |
| Teen gift Fund | - | 300 | 142 | 158 | 244 | 334 | 68 |
| State Technology Grant Fund | 3,335 | - | 3,335 | - | 7,711 | 4,089 | 3,622 |
| Gift Fund | 126,773 | 42,087 | 41,095 | 127,765 | 21,437 | 34,715 | 114,487 |
| Adopt-Book | 263 | 95 | 57 | 301 | 140 | 152 | 289 |
| Gift Fund-Fish | 254 | 49 | 49 | 254 | 26 | 20 | 260 |
| Gift Fund - Birds | 310 | 74 | 211 | 173 | 24 | 87 | 110 |
| Gift Fund - Children's | 24,181 | 8,520 | 6,079 | 26,622 | 9,690 | 11,340 | 24,972 |
| Gift Fund - Adult's | 12,818 | 7,330 | 5,151 | 14,997 | 9,884 | 12,316 | 12,565 |
| Art Show Fund | 178 | 957 | 1,042 | 93 | 26,218 | 26,311 | - |
| ESL Fund | 457 | - | - | 457 | - | 457 | - |
| Staff Association Fund | 6 | 80 | 85 | 1 | 250 | 229 | 22 |
| Payroll Fund | 3,250 | 55,191 | 56,366 | 2,075 | 56,685 | 55,207 | 3,553 |
| Totals | <u>\$ 485,745</u> | <u>\$ 1,242,499</u> | <u>\$ 1,192,976</u> | <u>\$ 535,268</u> | <u>\$ 1,470,356</u> | <u>\$ 1,455,547</u> | <u>\$ 550,077</u> |

The notes to the financial statements are an integral part of this statement.

MONTICELLO-UNION TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Library was established under the laws of the State of Indiana. The Library operates under an appointed governing board and provides culture services.

The accompanying financial statements present the financial information for the Library.

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts include the following sources:

Taxes, which can include one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Library.

Intergovernmental receipts, which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of these types of receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services, which can include, but are not limited to, the following: planning commission charges, building department charges, copies of public records, copy machine

MONTICELLO-UNION TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable TV receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits, which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Other receipts, which include amounts received from various sources including, but not limited to, the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include the following uses:

Personal services, which include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies, which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges, which include, but are not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service - principal and interest, which includes fixed obligations resulting from financial transactions previously entered into by the Library. It includes all expenditures for the reduction of the principal and interest of the Library's general obligation indebtedness.

Capital outlay, which includes all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements, which include, but are not limited, to the following: interfund loan payments; loans made to other funds; internal service disbursements; and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The Library may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

MONTICELLO-UNION TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

G. Fund Accounting

Separate funds are established, maintained, and reported by the Library. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Library. The money accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the Library in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Library submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Library in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the Library to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

MONTICELLO-UNION TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 5. Risk Management

The Library may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the Library to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the Library authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

MONTICELLO-UNION TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 7. Funds Held in Trust

In previous years, the Library transferred money to the local Community Foundation in compliance with Indiana Code 20-14-3-9(a)(5). The balances held by the White County Community Foundation at December 31, 2015, were as follows:

| | |
|--------------------------|-------------------|
| Children's Services Fund | \$ 163,435 |
| Adult Services Fund | 26,869 |
| Building & Grounds Fund | <u>152,442</u> |
| Total | <u>\$ 342,746</u> |

MONTICELLO-UNION TOWNSHIP PUBLIC LIBRARY
REVIEW RESULT AND COMMENT

NEGATIVE OUTSTANDING CHECKS

The December 31, 2015, bank reconciliation included adjustments for three outstanding checks reported as negative amounts. These negative checks were related to refunds due from insurance providers. The credits for the refunds due were automatically applied to subsequent bills by the insurance carrier. These checks should be voided and all insurance transactions should be reviewed to verify that the credits were accurately applied and no refund is due the Library.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

Refunds from erroneous or excessive disbursements or from the return of an item should be entered in columns A-1 and B-1, and added to the appropriation line of the proper appropriation column. No additional appropriation is needed if the refund is from a disbursement made during the current budget year. However, if the refund is from a disbursement of a prior year, the refund must be placed in miscellaneous receipts and appropriated before use. Refunds of moneys improperly or erroneously received by the library, such as an overpayment of a fine, may be paid without appropriation. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 3)

MONTICELLO-UNION TOWNSHIP PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on November 7, 2016, with Monica Casanova, Director, and Arthur E. Morgan, President of the Library Board.